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C O N F I D E N T I A L STATE 020293

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TAGS: PFOR, JA

SUBJECT: PLANNING TALKS PAPER: RELATIONS AMONG THE MAJOR
POWERS -- POLICY PROBLEMS AND OPPORTUNITIES IN
NORTHEAST ASIA

1. THIS PAPER WAS PREPARED BY A MEMBER OF THE DEPARTMENT OF
STATE'S POLICY PLANNING STAFF. IT HAS NOT BEEN OFFICIALLY
CLEARED WITHIN THE DEPARTMENT. IT REPRESENTS THE VIEWS OF
THE AUTHOR.

2. BEGIN TEXT: RECENT DEVELOPMENTS IN THE POLICIES OF THE
MAJOR POWERS INVOLVED IN ASIA--THE SOVIET UNION, CHINA,
JAPAN, THE UNITED STATES--DO NOT APPEAR TO FORESHADOW FUNDA-
MENTAL CHANGES IN THE STRUCTURE OF EQUILIBRIUM IN THE FAR
EAST. HANOI'S VICTORY IN INDOCHINA, AS WELL AS DEVELOPMENTS
IN OTHER AREAS (E.G. CSCE), HOWEVER, HAVE CREATED A NEW
SETTING FOR MAJOR POWER COMPETITION AND COOPERATION. THESE
DEVELOPMENTS HAVE GIVEN AN EMPHATIC IMPETUS, MOREOVER, TO A
NUMBER OF POLITICAL TENDENCIES THAT WERE ALREADY DISCERNIBLE
IN ASIA--ABOVE ALL THE DRIVE BY SMALLER ASIAN COUNTRIES
TOWARD MORE SELF-RELIANT FOREIGN AND DEFENSE POLICIES, A
DIVERSIFICATION OF THEIR LINKS WITH THE MAJOR POWERS, EFFORTS
TO STRENGTHEN SUBREGIONAL ASSOCIATIONS, AND ATTEMPTS TO
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BURNISH THEIR NONALIGNED CREDENTIALS.

A. GENERAL CHARACTERISTICS OF THE EAST ASIA BALANCE

THE STRUCTURE OF THE GREAT POWER EQUILIBRIUM IN EAST ASIA APPEARS UNCHANGED IN ITS ESSENTIALS. IT IS MARKED BY THE FOLLOWING FEATURES:

-- AT PRESENT THE DOMINANT ORIENTATION OF ALL THE MAJOR POWERS IN EAST ASIA APPEARS ESSENTIALLY DEFENSIVE. WHILE THE SOVIETS ARE PREPARED TO EXPLOIT ANY VACUA LEFT IN ASIA BY A RECESSION OF WESTERN POWER, BOTH FOR THE CONTAINMENT OF CHINA AND TO VALIDATE HER CREDENTIALS AS A UNIVERSAL POWER, SOVIET OPPORTUNITIES APPEAR RELATIVELY LIMITED IN ASIA AT THIS TIME.

-- THE FACTORS CONTRIBUTING STABILITY TO THE CURRENT BALANCE APPEAR LIKELY TO REMAIN IN EXISTENCE FOR SOME TIME. THESE INCLUDE SINO-SOVIET RIVALRY, THE US-JAPAN ALLIANCE, AMERICAN AND JAPANESE PREDOMINANCE IN THE ASIA PACIFIC ECONOMY, IMPROVED SINO-US AND SINO-JAPANESE RELATIONS, LIMITED SOVIET ACCESS TO SECURITY ARRANGEMENTS IN THE FAR EAST.

-- MAJOR UNCERTAINTIES, HOWEVER, REMAIN. THESE INCLUDE THE NATURE OF LONGER-RANGE SOVIET AMBITIONS IN ASIA AND THE PACIFIC, FUTURE CONTOURS OF SINO-SOVIET RIVALRY, POSSIBILITIES FOR RENEWED CONFLICT ON THE KOREAN PENINSULA, THE FUTURE DIRECTION OF POST-MAO CHINESE FOREIGN POLICY, THE POLITICAL COHESION AND ECONOMIC PROSPECTS OF MANY SMALLER ASIAN COUNTRIES, ETC.

-- OVER THE NEXT SEVERAL YEARS CONDITIONS WILL NOT BE RIPE FOR NEW AND COMPREHENSIVE REGIONAL COLLECTIVE SECURITY ARRANGEMENTS.

B. RECENT TRENDS IN MAJOR POWER PERCEPTIONS AND POLICIES

1. THE SOVIET UNION

THE SOVIET POSITION IN THE WORLD IS CURRENTLY SOMEWHAT CONFIDENTIAL

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PARADOXICAL. TO MANY OUTSIDERS THE SOVIET'S GLOBAL STRATEGIC POSITION SEEMS TO BE IMPROVING; SOVIET OFFICIALS, HOWEVER, MAY WELL DWELL MORE ON THE DIFFICULTIES AND DISAPPOINTMENTS OF THEIR CURRENT POSITION THAN UPON THE NEW OPPORTUNITIES AVAILABLE TO THEM.

IN THE FAR EAST, SOVIET PROSPECTS ARE MIXED. AS THE USSR CONTINUES TO DEVELOP ITS SIBERIAN RESOURCES, ITS

WEIGHT IN ASIA WILL INEVITABLY GROW. THE SOVIET CONTAINMENT STRATEGY VERSUS CHINA ACCORDS CONSIDERABLE PRIORITY TO

EXPANDING COMMERCIAL AND DIPLOMATIC TIES WITH ASIAN NATIONS. HANOI'S VICTORY IN INDOCHINA MAY GIVE THE RUSSIANS SOME POLITICAL AND DIPLOMATIC OPPORTUNITIES IN MAINLAND SOUTHEAST ASIA. THE "REACH" AND FLEXIBILITY OF SOVIET MILITARY POWER IN THE FAR EAST IS GROWING.

THE SOVIETS, HOWEVER, ARE EXPERIENCING DIFFICULTY IN TURNING THESE POTENTIAL ASSETS TO THEIR ACCOUNT. THEIR POSITION IN THE FAR EAST SUFFERS A NUMBER OF LIABILITIES. THEY APPEAR TO LACK CULTURAL EMPATHY WITH ASIANS; THEIR DIPLOMACY IN THE REGION IS MARKED BY HEAVY HANDEDNESS; THEIR POWER POSITION REMAINS MARKEDLY INFERIOR IN IMPORTANT RESPECTS TO THEIR COMPETITORS. THE CHINESE POSSESS ADVANTAGES OF CULTURAL AFFINITY AND GEOGRAPHIC PROXIMITY; JAPAN HAS SUPERIOR ECONOMIC ASSETS AND POLITICAL ENTRE; THE US RETAINS A SUPERIOR MILITARY AND ECONOMIC POSITION AS WELL AS GREATER DIPLOMATIC LEVERAGE.

SOVIET RELATIONSHIPS IN NORTHEAST ASIA ARE STALLED.

-- RIVALRY WITH CHINA REMAINS THE FOCAL POINT OF DIPLOMATIC COMPETITION IN THE AREA, AND THIS IS UNLIKELY TO CHANGE FUNDAMENTALLY FOR THE TIME BEING.

-- THE SOVIET'S RELATIONSHIP WITH JAPAN IS CORRECT BUT NOT PARTICULARLY CORDIAL. TRADE HAS INCREASED BUT NOT AS RAPIDLY AS SINO-JAPANESE COMMERCE; JAPAN'S INVOLVEMENT IN SIBERIAN RESOURCE DEVELOPMENTS HAS GROWN, BUT PROGRESS ON THE MAJOR GAS AND OIL PROJECTS HAS LAGGED. SINO-JAPANESE NEGOTIATIONS FOR A PEACE AND FRIENDSHIP TREATY HAVE

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AROUSED SOVIET PARANOIA, AND REINFORCED SOVIET INTRANSIGENCE ON KEY ISSUES IN SOVIET-JAPANESE RELATIONS, AS INDICATED BY THE OUTCOME OF GROMYKO'S RECENT VISIT TO TOKYO.

-- SOVIET ATTITUDES TOWARD KOREA REMAIN SOMEWHAT AMBIVALENT; THE SOVIETS CONTINUE TO BACK PYONGYANG'S POSITIONS, BUT WITH LITTLE ENERGY AND WITH LITTLE CREDIT FROM THE NORTH KOREANS. THE RELATIONSHIP IS AN UNEASY ONE. THE LEVEL OF SOVIET MILITARY ASSISTANCE IS APPARENTLY ONE POINT OF FRICTION, AND KIM IL-SUNG HAS STILL ENUNCIATED NO PLANS TO VISIT MOSCOW.

-- DESPITE OCCASIONAL RUMORS OF VISITS BY SOVIET JOURNALISTS, THERE APPEAR TO BE NO SIGNIFICANT SOVIET

OVERTURES TO TAIWAN. NOR HAVE THE SOVIETS MADE ANY
SUBSTANTIAL MOVES TO DEVELOP CONTACTS WITH SOUTH KOREA.

TO DATE, THEREFORE, EVIDENCE OF GROWING SOVIET
INTEREST IN ASIA HAS NOT BEEN MATCHED BY AN ABILITY TO
BREAK OUT OF THEIR RELATIVE DIPLOMATIC ISOLATION IN THE
REGION.

2. CHINA

IN EAST ASIA THE CHINESE HAVE BEEN HOLDING THEIR OWN
RECENTLY IN COMPETITION WITH THE SOVIET UNION, BUT THIS
HAS NOT ASSUAGED THEIR APPREHENSIONS ABOUT THEIR POSITION
IN THE SINO-SOVIET COMPETITION.

TERMINATION OF THE INDOCHINA CONFLICT BROUGHT TO AN
END A WAR ON CHINA'S SOUTHERN BORDERS, AND REMOVED A
PSYCHOLOGICAL BURDEN FROM THE SINO-US RELATIONSHIP. AT
THE SAME TIME, HOWEVER, IT LEFT THE SOVIET UNION IN A
STRONG POSITION WITH HANOI, STIMULATED INCREASED MANEUVER-
ING BETWEEN THE RUSSIANS AND CHINESE FOR POSITION THROUGH-
OUT THE AREA.

A NUMBER OF RECENT TRENDS HAVE ACCENTUATED THE
CONCERNS OF CHINESE POLICY LEADERS, AMONG THEM:

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-- ANXIETIES THAT THE GLOBAL MILITARY BALANCE IS SHIFTING
TOWARD THE USSR HAVE BEEN REINFORCED BY CONGRESSIONAL
ATTACKS ON THE US DEFENSE BUDGET, SOVIET INROADS IN
AFRICA, THE DISARRAY ON NATO'S SOUTHERN FLANK, AND RUSSIAN
NAVAL EXERCISES OFF CHINA'S COAST.

-- THE OUTCOME OF THE CSCE PERSUADED MANY CHINESE
OFFICIALS THAT BY FREEING THEIR HANDS IN THE WEST, THE
SOVIETS HAD ACQUIRED GREATER FREEDOM OF ACTION TO PRESSURE
THEM IN THE EAST.

-- WESTERN AND JAPANESE DEALS WITH THE SOVIET UNION, THEY
FEAR, HAVE STRENGTHENED THE SOVIET UNION WHERE IT IS
WEAKEST, I.E., AGRICULTURE AND INDUSTRIAL MODERNIZATION.

WITH THESE CONCERNS IN MIND, THE CHINESE ARE CONCEN-
TRATING UPON:

-- CONTAINING RUSSIAN INFLUENCE IN ASIA AND COUNTERING
SOVIET POLICY ELSEWHERE;

-- PRESERVING CHINA'S STRATEGIC RELATIONSHIP WITH THE US

WHILE EXPANDING TIES WITH THE SO-CALLED "SECOND WORLD"
(I.E. JAPAN AND WESTERN EUROPE), AND SEEKING TO MOVE
ALL OF THEM AWAY FROM THE USSR;

-- SUBORDINATING THEIR REVOLUTIONARY ASPIRATIONS TO THE
REQUIREMENTS OF IMPROVED STATE-TO-STATE RELATIONS WITH KEY
COUNTRIES IN NORTHEAST AND SOUTHEAST ASIA;

-- POSITIONING THEMSELVES MORE EFFECTIVELY WITH THE THIRD
WORLD.

ON ALL THESE FRONTS THE CHINESE HAVE MADE SOME
PROGRESS.

-- ANTICIPATING RENEWED SOVIET EFFORTS TO PROSELYTIZE ON
BEHALF OF THEIR ASIAN COLLECTIVE SECURITY SCHEME, CHINA
HAS INTENSIFIED ITS POLITICAL CAMPAIGN AGAINST HEGEMONY IN
THE REGION. THE US SIGNED AN ANTI-HEGEMONY CLAUSE IN
1972. SUBSEQUENTLY A NUMBER OF ASIAN COUNTRIES HAVE
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SIGNED SIMILAR DECLARATIONS (E.G. BURMA, NEW ZEALAND,
AUSTRALIA, MALAYSIA, CAMBODIA, THE PHILIPPINES, AND
THAILAND), AND THE PRC IS EAGER TO SECURE JAPAN'S
SIGNATURE ON A SIMILAR CLAUSE IN THE PEACE AND FRIENDSHIP
TREATY CURRENTLY UNDER NEGOTIATION.

-- THE CHINESE HAVE SOUGHT TO BOLSTER THEIR LINKS WITH
WESTERN EUROPE AND HAVE COURTED EASTERN EUROPEAN COUNTRIES
LIKE ROMANIA AND YUGOSLAVIA.

-- CHINA'S LONG TERM POLICIES TOWARD THE US REMAIN SOMEWHAT
AMBIVALENT, BUT PEKING OBVIOUSLY CONSIDERS THE US AS A
VITAL COUNTERWEIGHT TO THE USSR IN THE NEAR TERM.
ACCORDINGLY PEKING HAS AVOIDED PRESSURE ON US MILITARY
DEPLOYMENTS IN THE FAR EAST, BACKED OUR PRESENCE IN
EUROPE, GIVEN INDICATIONS IT WOULD NOT SUPPORT NORTH
KOREAN ADVENTURISM, ACKNOWLEDGED SATISFACTION WITH THE
STATE OF SINO-US RELATIONS (EVEN WITHOUT EARLY PROGRESS ON
THE TAIWAN ISSUE) AND WITH RECENT EXPRESSIONS OF US AIMS
IN THE REGION (E.G. FORD'S PACIFIC DOCTRINE). AT THE SAME
TIME PEKING HAS PUBLICLY COUNSELED A VIGILANT US POSTURE
GENERALLY IN THE WORLD AND OPENLY ATTACKED US DETENTE
POLICY.

-- THE PRC HAS DEVOTED SPECIAL ATTENTION TO ITS JAPAN
LINKS. TRADE HAS CONTINUED TO EXPAND RAPIDLY AND POLITI-
CAL RELATIONS ARE CORDIAL. THE PRC'S PRIMARY INTERESTS
ARE IN SUSTAINING A BENEFICIAL RELATIONSHIP WITH JAPAN,
COMPLICATING TOKYO RELATIONS WITH MOSCOW, EXPANDING

ECONOMIC TIES TO SUPPORT CHINA'S LONG TERM DEVELOPMENT PROSPECTS, AND FACILITATING CONTINUED US-JAPANESE COOPERATION.

-- THE CHINESE HAVE SOUGHT TO PRESERVE PRIVILEGED ACCESS TO PYONGYANG. IN THE PAST YEAR THEY HAVE TAKEN AN INCREASINGLY TOUGH RHETORICAL LINE ON KOREA, ASSOCIATING THEMSELVES WITH PYONGYANG'S LEGAL CLAIM TO BE THE "SOLE LEGAL SOVEREIGN GOVERNMENT ON THE PENINSULA." THEY INDICATED ONLY A BRIEF AND FLEETING INTEREST IN AVERTING A SHOWDOWN IN THE UNITED NATIONS. THEY DISPLAY NO DISPOSITION TO EXPEND ANY POLITICAL CAPITAL PROMOTING AN

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ATTENUATION OF THE NORTH-SOUTH CONFLICT. THEY PUBLICLY OPPOSE OUR MILITARY PRESENCE AND OUR PROPOSALS FOR A POLITICAL CONFERENCE. AT THE SAME TIME THE CHINESE APPEAR UNWORRIED ABOUT PROSPECTS OF RENEWED CONFLICT, UNDERSCORE THE THEME OF "PEACEFUL REUNIFICATION," PUT NO PRESSURE BEHIND THEIR PUBLIC CALLS FOR THE WITHDRAWAL OF OUR FORCES AND, POSSIBLY, LIMIT THEIR ASSISTANCE TO THE NORTH TO RELATIVELY MODEST DIMENSIONS, THOUGH WE LACK ANY SPECIFIC DETAILS ON THIS.

-- GIVEN THEIR HEIGHTENED CONCERN OVER EXPANDED SOVIET POWER, THE CHINESE HAVE BEEN GIVING RENEWED EMPHASIS TO THE MODERNIZATION OF THEIR MILITARY ESTABLISHMENT. IN PARTICULAR THEY APPEAR DETERMINED TO AUGMENT THEIR AIR AND NAVAL FORCES, STREAMLINE THEIR ARMY, IMPROVE COMBAT READINESS, INCREASE MILITARY TRAINING, REHABILITATE KEY PROFESSIONAL SOLDIERS, AND--PERHAPS MOST IMPORTANTLY-- PROCURE ADVANCED MILITARY TECHNOLOGY FROM THE WEST.

IN NORTHEAST ASIA AT LEAST THE CHINESE CAN TAKE SOME SATISFACTION FROM THESE DEVELOPMENTS, PARTICULARLY THE CURRENT STATE OF THE USSR'S RELATIONS WITH THE US AND JAPAN, THE LIMITED SOVIET ROLE ON THE KOREAN PENINSULA, AND THE APPARENT ABSENCE OF RUSSIAN ENTREE TO TAIWAN. THEY PRESUMABLY ARE HEARTENED AS WELL BY THE STEADINESS OF US POLICY IN THE REGION SINCE SAIGON'S DEFEAT AND WITH THE CORDIAL STATE OF US-JAPANESE RELATIONS.

3. JAPAN

JAPAN'S POSITION IN THE MAJOR POWER BALANCE HAS NOT CHANGED PERCEPTIBLY IN RECENT MONTHS. THERE ARE, HOWEVER, THESE NEW TRENDS:

-- INTENSIFIED SINO-SOVIET COMPETITION GIVES BOTH THE USSR AND THE PRC INCENTIVES TO IMPROVE ITS RELATIONS WITH TOKYO

OR AT LEAST COMPLICATE GOJ LINKS WITH ITS RIVAL. THE GROMYKO VISIT SEEMED TO INDICATE AGAIN THAT MOSCOW IS NOT PREPARED FOR A NEW POLITICAL APPROACH TO ITS RELATIONSHIP WITH JAPAN. AND IN THE FACE OF SOVIET INTRANSIGENCE ON THE TERRITORIAL ISSUE, THE GOJ SIGNED PUBLICLY A SHIFT

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AWAY FROM THE FACADE OF EQUIDISTANCE VIS-A-VIS MOSCOW AND PEKING. THE MIKI GOVERNMENT NOW APPEARS MORE RESOLVED TO CONCLUDE THE PEACE AND FRIENDSHIP TREATY WITH CHINA, A MOVE THAT DE FACTO WOULD PRODUCE A "TILT" TOWARD PEKING.

-- CONTINUING TENSIONS IN KOREA HAVE SPURRED EFFORTS TO CONSOLIDATE RELATIONS WITH SEOUL AS WELL AS TO LOOK FOR WAYS OF DEFUSING TENSIONS ON THE PENINSULA--INCLUDING A SEARCH FOR WAYS OF DRAWING NORTH KOREA INTO MORE NORMAL INTERCOURSE WITH THE US AND JAPAN IN RETURN FOR RECIPROCAL GESTURES BY MOSCOW AND PEKING TOWARD SEOUL.

-- THE GOJ IS DEVOTING PRIORITY ATTENTION TO SOUTHEAST ASIA, WITH PARTICULAR EMPHASIS ON DEEPENING BILATERAL RELATIONS WITH ASEAN COUNTRIES, STRENGTHENING CONSULTATIVE TIES WITH THE ASEAN GROUP, DEVELOPING MORE SUBSTANTIAL LINKS TO THE INDOCHINESE GOVERNMENTS (PARTICULARLY HANOI), AND PREPARING THE GROUND FOR A TRIP BY PRIME MINISTER MIKI TO THE AREA.

-- A NEW INTELLECTUAL AND POLITICAL CLIMATE HAS EMERGED IN JAPAN IN RECENT MONTHS, FACILITATING A MORE CANDID AND PROBING DISCUSSION OF SECURITY ISSUES. IN THIS ATMOSPHERE PROGRESS HAS ALSO BEEN ACHIEVED IN FORMALIZING ARRANGEMENTS FOR EXPANDED DEFENSE COOPERATION BETWEEN THE UNITED STATES AND JAPAN.

A VARIETY OF UNSETTLED ISSUES REMAIN. ABOVE ALL, THESE INCLUDE RESOLUTION OF REMAINING DIFFERENCES WITH THE PRC OVER THE PRECISE TERMS OF AN ANTI-HEGEMONY CLAUSE IN THE PROPOSED PEACE AND FRIENDSHIP TREATY, THE NATURE OF POSSIBLE POLICY INITIATIVES FOR STIMULATING A RESUMPTION OF A SERIOUS NORTH-SOUTH DIALOGUE IN KOREA, AND THE PRECISE CHARACTER OF JAPAN'S FUTURE ROLE IN SOUTHEAST ASIA.

C. KOREA AND TAIWAN

THE INTERPLAY AMONG THE MAJOR POWERS HAS HAD A VISIBLE AND PROFOUND EFFECT ON THE LOCAL SITUATIONS OF KOREA AND TAIWAN IN NORTHEAST ASIA.

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1. KOREA

THERE HAVE BEEN THESE SIGNIFICANT DEVELOPMENTS:

-- NORTH KOREA HAS STEPPED UP ITS EFFORTS TO TRANSFORM THE INTERNATIONAL FRAMEWORK OF THE KOREAN PROBLEM AND TO ESTABLISH DIRECT CONTACTS WITH THE UNITED STATES. PYONGYANG EVIDENTLY EXPECTS THEREBY TO IMPROVE ITS INTERNATIONAL STATUS, ISOLATE THE ROK DIPLOMATICALLY AND WEAKEN IT INTERNALLY, AND REINFORCE EXISTING PRESSURES ON THE US TO WITHDRAW TROOPS FROM THE PENINSULA. IN THESE ENDEAVORS THEY HAVE ENJOYED SOME SUCCESS WITH THE NONALIGNED MOVEMENT AND IN THE UNGA.

-- PRESIDENT PARK HAS ACCELERATED HIS DRIVE TO ACHIEVE SELF-RELIANCE. THIS IS REFLECTED IN HIS SEARCH FOR MORE ADVANCED WEAPONS, A MAJOR NEW DEFENSE TAX, AND A TENDENCY TO IGNORE FOREIGN SENSITIVITIES TO HIS DOMESTIC PRACTICES.

-- IN THE CURRENT CLIMATE OF CONFRONTATION, PROSPECTS FOR ANY PROGRESS IN NORTH-SOUTH TALKS ARE VIRTUALLY NIL FOR THE FORESEEABLE FUTURE.

-- MAJOR POWER INVOLVEMENT ON THE PENINSULA REMAINS POLARIZED, AND THE SCOPE FOR UNDERSTANDINGS AMONG THE OUTSIDE POWERS APPEARS FROZEN.

-- THE OUTCOME OF THE UNGA DEBATE ON KOREA LAST FALL IS LIKELY TO PRODUCE RENEWED NORTH KOREAN EFFORTS TO FORCE A CONFRONTATION ON THE ISSUE AGAIN THIS YEAR.

-- NORTH KOREA REMAINS BESET WITH FOREIGN DEBT PROBLEMS; DESPITE CONTINUING INFLATION AND A LARGE BALANCE OF PAYMENTS DEFICIT. SOUTH KOREAN ECONOMIC PROSPECTS ARE GOOD, BUT THE PACE OF GROWTH WILL DEPEND HEAVILY UPON THE STRENGTH OF US AND JAPANESE ECONOMIC RECOVERY.

2. TAIWAN

RECENT DEVELOPMENTS HAVE GENERATED AMBIVALENT RESPONSES IN TAIWAN--APPREHENSIONS THAT THE US DEFEAT IN

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VIETNAM FORESHADOWED THE ABANDONMENT OF OTHER ALLIES; HOPES THAT AMERICAN REACTIONS TO THAT DEBACLE PLUS THE PROSPECT

OF A PRESIDENTIAL ELECTION MIGHT PROMPT A FURTHER POSTPONE-
MENT OF NORMALIZATION WITH PEKING. THE GENERAL STANCE OF
THE ROC HAS BEEN TO AVOID CONTRATEMPERS WITH THE US, TO PATCH
UP RELATIONS WITH JAPAN, AND TO PERMIT VAGUE HINTS OF A
POSSIBLE FUTURE SOVIET OPTION TO WORRY THE OTHER MAJOR
POWERS. TO OUR KNOWLEDGE, HOWEVER, THE GROC HAS HAD NO
SIGNIFICANT CONTACTS WITH THE USSR. NOR ARE WE AWARE OF
ANY EVIDENCE AT THIS TIME SUGGESTING HEIGHTENED INTEREST
IN THE TAIWAN INDEPENDENCE OPTION. AT THE SAME TIME, THE
ROC HAS STEPPED UP ITS EFFORTS TO ACHIEVE A GREATER
MEASURE OF MILITARY INDEPENDENCE FROM THE US, IN ORDER TO
ENHANCE ITS SURVIVAL AFTER A BREAK IN RELATIONS, WHICH IT
SEES AS ONLY A MATTER OF TIME. TAIWAN'S DIPLOMATIC SET-
BACKS APPEAR TO HAVE HELPED TO CREATE A MORE COHESIVE
POPULATION AS FRICTION BETWEEN THE TAIWANESE AND MAIN-
LANDERS HAS DECLINED IN THE LAST SEVERAL YEARS.

D. US POLICY RESPONSES

IN RESPONSE TO THESE TRENDS, THE US HAS RESPONDED BY:

-- AFFIRMING OUR INTENT TO PRESERVE A STRONG ROLE IN THE
ASIAN/PACIFIC REGION, CONFIRMING OUR ASIAN TREATY COMMIT-
MENTS WHILE AGREEING TO THE GRADUAL DISMANTLING OF SEATO.

-- CONSOLIDATING RELATIONS WITH JAPAN, AS THE CENTRAL
PILLAR OF US ASIAN POLICY, INCLUDING THE CREATION OF A NEW
FORUM FOR DEFENSE CONSULTATIONS AND MORE INTENSIVE EFFORTS
TO COORDINATE ECONOMIC POLICY.

-- AVOIDING FOR THE TIME BEING SIGNIFICANT ADJUSTMENTS IN
OUR MILITARY DEPLOYMENTS IN NORTHEAST ASIA, SAVE FOR
PLANNED ONGOING REDUCTIONS IN OUR PROFILE IN TAIWAN.

-- CONFIRMED OUR INTENT TO COMPLETE EVENTUAL NORMALIZATION
OF RELATIONS WITH PEKING ON THE BASIS OF THE SHANGHAI
COMMUNIQUE.

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-- TAKEN A FIRM DECLARATORY LINE IN KOREA, PROPOSED A
CONDITIONAL TERMINATION OF THE UN COMMAND IN RETURN FOR
ASSURANCES FROM NORTH KOREA ON THE CONTINUING VALIDITY OF
THE ARMISTICE, BACKED ROK ENTRY INTO THE UN, PROVIDED SEOUL
VIGOROUS DIPLOMATIC SUPPORT IN THE UNGA, SUGGESTED A
POLITICAL CONFERENCE AMONG THE PARTIES MOST DIRECTLY

CONCERNED TO DISCUSS THE UNC, THE FUTURE OF THE ARMISTICE,
AND OTHER MEASURES TO REDUCE TENSIONS IN THE PENINSULA,
AND SOUGHT TO CONTINUE PROVIDING THE ROK WITH SIGNIFICANT

ECONOMIC AND MILITARY ASSISTANCE (E.G. \$46.9 MILLION IN EXIM LOANS AND GUARANTEES THUS FAR IN FY-76; \$130 MILLION IN CCC FINANCING IN FY-76; A REQUEST FOR \$74 MILLION IN GRANT MILITARY ASSISTANCE PLUS \$126 MILLION IN FMS CREDITS DURING FY-76).

E. ISSUES

1. ARE THERE SERIOUS POSSIBILITIES OF A LIMITED ACCOMMODATION BETWEEN MOSCOW AND PEKING? WHAT WOULD BE THE PRINCIPAL CONSEQUENCES FOR THE US AND JAPAN? WHAT, IF ANYTHING, SHOULD WE DO ABOUT THIS?

CERTAINLY THE US AND JAPAN ENJOY A FAVORED POSITION AT PRESENT WITHIN THE ASIAN QUADRILATERAL. THE DEPTH OF SINO-SOVIET ANTAGONISM DEPRIVES BOTH OF DIPLOMATIC LEVERAGE WITH US, A CONSIDERATION ON WHICH BOTH ARE PRESUMABLY MINDFUL. CHOU'S DEATH DOES NOT APPEAR TO FORESHADOW MAJOR ADJUSTMENTS OF CHINA'S DIPLOMATIC STRATEGY, BUT THE ABSENCE OF HIS DEFT HAND IN SMOOTHING OVER DIFFERENCES WITHIN THE LEADERSHIP MAY BE FELT IN THE MONTHS TO COME. THE RECENT RELEASE BY CHINA OF A SOVIET HELICOPTER CREW IS A REMINDER THAT AT LEAST SOME OF THE THORNY ISSUES AFFECTING STATE-TO-STATE RELATIONS BETWEEN THE USSR AND PEKING ARE SUSCEPTIBLE TO SOLUTION DESPITE THE DEEP IDEOLOGICAL AND POLITICAL DIFFERENCES BETWEEN THEM. IT MAY HAVE BEEN A TACTICAL MOVE TO REMIND US BOTH THAT PEKING TOO CAN PLAY THE DIPLOMATIC GAME. THE DEATH OF MAO--WHEN IT OCCURS--WILL ALSO REMOVE AN IMPORTANT OBSTACLE TO A SINO-SOVIET MODUS VIVENDI.

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THE PRECISE TERMS OF A LIMITED DETENTE ARE IMPOSSIBLE TO FORESEE, BUT MIGHT INCLUDE A MILITARY PULLBACK FROM THE FRONTIER AND A MUTUALLY ACCEPTABLE ARRANGEMENT ON BORDER ISSUES, EXPANSION OF TRADE AND OTHER EXCHANGES, A CESSATION OR TONING DOWN OF POLEMICAL DIATRIBES, AND A MODERATION OF IDEOLOGICAL POLITICAL COMPETITION OVERSEAS. A RESUMPTION OF FULL SCALE ALLIANCE IS NOT IN THE CARDS.

BOTH THE CHINESE AND SOVIETS HAVE PLAUSIBLE INCENTIVES FOR IMPOSING SUCH LIMITS ON THEIR RIVALRY. FOR THE CHINESE LIMITED DETENTE WITH THE SOVIETS WOULD REDUCE THE DANGER OF SOVIET ATTACK, ATTENUATE MILITARY PRESSURES ON THEIR BORDER, RELIEVE SOMEWHAT THE BURDENS OF HEAVY DEFENSE SPENDING, AND INCREASE THEIR POTENTIAL DIPLOMATIC

LEVERAGE WITH THE US AND JAPAN. FOR THE SOVIETS IT WOULD ALLEVIATE FEARS OF A TWO-FRONT WAR, DIMINISH THE RISKS OF

A TACIT PRC-JAPAN-AMERICAN ENTENTE, PERHAPS ENHANCE THE SOVIET POSITION IN THE THIRD WORLD, AND POSITION THEM BETTER FOR THEIR DEALINGS WITH JAPAN AND THE UNITED STATES.

DESPITE THESE INCENTIVES, PROSPECTS OF SUCH A THAW IN PEKING-MOSCOW RELATIONS APPEAR DOUBTFUL AT THIS TIME. IF ANYTHING, THEIR RHETORIC HAS BECOME EVEN MORE VITRIOLIC, THEIR RIVALRY HAS INTENSIFIED AND EXPANDED IN ITS GEOGRAPHIC SCOPE, THE DEVELOPMENT OF PRC ECONOMIC PLANS ARE INCLINING THEM MORE AND MORE STRONGLY TOWARD WIDER ECONOMIC RELATIONSHIPS WITH THE WEST. THERE ARE FEW STRAWS IN THE WIND ON STATE-TO-STATE RELATIONS. SINO-SOVIET TRADE REMAINS ON A LOW PLATEAU. BORDER NEGOTIATIONS ARE STALEMATED. FORCE LEVELS IN THE BORDER AREAS HAVE STABILIZED IN RECENT YEARS. THERE HAVE BEEN NO SERIOUS INCIDENTS AND NO URGENT PREPARATIONS FOR WAR IN THOSE AREAS. HOWEVER, WE CANNOT BE COMPLACENT.

IT IS DIFFICULT TO PREDICT WITH CERTAINTY THE IMPLICATIONS OF A LIMITED PRC/USSR "THAW" ON THE US AND JAPAN. AMONG THE POSSIBILITIES, HOWEVER, WOULD BE REDUCED PRC INCENTIVES TO FOREGO UNDERMINING OUR POSITION IN ASIA, POSSIBLY A DIMINISHED STAKE IN STABILIZING SOME LOCAL CONFLICTS, AND PERHAPS A MORE ACTIVIST STANCE ON THE

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TAIWAN QUESTION. DEVELOPMENTS ALONG THESE LINES WOULD, OF COURSE, HAVE A MAJOR BEARING ON THE QUALITY OF OUR RELATIONS WITH PEKING, AND WOULD HAVE OBVIOUS IMPLICATIONS FOR JAPAN AS WELL. SMALLER COMMUNIST NATIONS (E.G. THE DPRK) MIGHT ADOPT A TOUGHER STANCE INsofar AS THEY ANTICIPATED SOLID BACKING FROM BOTH THEIR COMMUNIST ALLIES, THOUGH A NUMBER OF CONSTRAINTS WOULD REMAIN.

ASSUMING A US AND JAPANESE STAKE IN AT LEAST A SUBSTANTIAL DEGREE OF SINO-SOVIET RIVALRY, ARE THERE ANY POLICY MEASURES WE MIGHT CONSIDER TO ENCOURAGE CONTINUATION OF THE RIVALRY AND COMPLICATE PROSPECTS OF SETTLEMENT? OR SHOULD WE TAKE A STRICTLY HANDS-OFF POSITION ON THIS DISPUTE?

2. ARE THE SOVIETS LIKELY TO PRESS FOR AN ASIAN SECURITY CONFERENCE OR ATTEMPT IN OTHER WAYS TO CARVE OUT A LARGER ROLE IN ASIAN SECURITY MATTERS? WHAT PROBLEMS COULD THIS POSE FOR US AND WHAT RESPONSES ARE AVAILABLE? WHAT KINDS OF SOVIET INVOLVEMENT IN THIS REGION SHOULD WE SEEK TO OBSTRUCT? WHICH SHOULD WE SEEK TO ENCOURAGE?

THERE HAVE BEEN HINTS OF SOVIET INTEREST IN SUCH AN INITIATIVE. THEIR INCENTIVES WOULD PRESUMABLY BE TO

GENERATE SUPPORT, ESPECIALLY FOR THE CSCE'S THIRD PRINCIPLE--THE INVIOABILITY OF BORDERS--IN RELATION TO THE TERRITORIAL CLAIMS OF JAPAN AND CHINA.

WE HAVE ADOPTED A NEGATIVE POSITION TOWARD AN ASIAN SECURITY CONFERENCE AND HAVE ATTEMPTED IN OTHER WAYS TO LIMIT SOVIET ENTREE TO ASIAN SECURITY ARRANGEMENTS, E.G. BY OPPOSING THEIR COLLECTIVE SECURITY SCHEME, SEEKING TO PRE-EMPT THEIR ACCESS TO NAVAL FACILITIES IN SINGAPORE, APPROACHING KOREAN-RELATED ISSUES ESSENTIALLY THROUGH PEKING RATHER THAN MOSCOW, AND AVOIDING USG INVOLVEMENT IN THE TYUMEN OIL/RAILWAY PROJECT. THE SOVIETS HAVE NOT REACTED SHARPLY TO ANY OF THESE MOVES, BUT THERE ARE SOME SIGNS, FOR EXAMPLE, OF IRRITATION THAT PRESIDENT FORD'S REMARKS IN HONOLULU MADE LITTLE MENTION OF A SOVIET ROLE IN THE PACIFIC. WITH RESPECT TO ANY LONGER-RANGE EFFORTS TO STABILIZE THE SITUATION IN KOREA, CONFIDENTIAL

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SOVIET INTERESTS WOULD HAVE TO BE ACCOMMODATED.

3. WOULD WESTERN SALES OF MILITARY TECHNOLOGY TO CHINA SERVE US AND JAPANESE STRATEGIC INTERESTS? WHAT PROBLEMS COULD SUCH SALES POSE?

THE PRC IS INTERESTED IN BROADENING ITS ACCESS TO WESTERN MILITARY TECHNOLOGY, AS EVIDENCED BY ITS PURCHASE OF HELICOPTERS FROM FRANCE AND THE SPEY ENGINE FROM THE UK. AS THE WEAKER PARTY IN THE SINO-SOVIET CONFLICT, ZCLASSICAL BALANCE OF POWER CONSIDERATIONS WOULD SUGGEST THE POTENTIAL ADVANTAGES OF FACILITATING CHINESE ACCESS TO EQUIPMENT WHICH COULD STRENGTHEN THEIR DEFENSES AGAINST THE SOVIET UNION.

BUT SUCH SALES ALSO RAISE A VARIETY OF THORNY POLICY QUESTIONS. WHAT TYPES OF EQUIPMENT MIGHT, IF SOLD TO THE CHINESE, PROVOKE STRONG SOVIET COUNTER REACTIONS AGAINST NATIONS MAKING SUCH SALES? WHAT TYPES OF EQUIPMENT COULD INCREASE THE CONCERNS OF CHINA'S NEIGHBORS ABOUT AUGMENTING POTENTIAL CHINESE OFFENSIVE CAPABILITIES? WHAT EFFECT WOULD SALES OF MILITARY EQUIPMENT HAVE ON THE MAINTENANCE OF A MILITARY BALANCE IN THE TAIWAN STRAITS BETWEEN THE ROK AND PRC? CAN RELIABLE GUARANTEES BE OBTAINED FROM THE CHINESE THAT ADVANCED TECHNOLOGY THEY PURCHASE WILL NOT BE TRANSFERRED TO OTHER COMMUNIST STATES, E.G., NORTH KOREA, THEREBY POSSIBLY DISRUPTING THE LOCAL BALANCE OF FORCES TO OUR DISADVANTAGE?

4. WHAT ADJUSTMENTS IN US AND JAPANESE POLICIES IN

THE KOREAN PENINSULA MIGHT STIMULATE A RESUMPTION OF A MORE PRODUCTIVE NORTH-SOUTH DIALOGUE, A BALANCED DIVERSIFICATION OF NORTH AND SOUTH KOREAN RELATIONS WITH THE MAJOR POWERS, AND A MORE CONSTRUCTIVE UN ROLE ON THE KOREAN PROBLEM? CAN WE THROUGH DIPLOMATIC INITIATIVES STIMULATE RESUMPTION OF THE NORTH-SOUTH TALKS AND/OR FIRMER GREAT POWER UNDERSTANDINGS TO REDUCE TENSIONS ON THE PENINSULA?

THE INITIATIVES WE UNDERTOOK DURING THE LAST UNGA
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SESSION--I.E. AN OFFER OF CONDITIONAL DISSOLUTION OF THE UNC AND THE POLITICAL CONFERENCE PROPOSAL--PROVIDE US WITH A REASONABLE POSITION IN THE UN, BUT THERE IS LITTLE REASON TO BELIEVE THAT NORTH KOREA WILL BE AMENABLE TO COMPROMISE OR POSTPONEMENT THIS FALL, AND WE CANNOT BE CONFIDENT THAT WE CAN ARREST FURTHER EROSION OF SUPPORT FOR OUR RESOLUTION WITHOUT SOME ADDITIONAL TACTICAL ADJUSTMENTS. WE CANNOT COUNT ON HELP FROM EITHER THE RUSSIANS OR CHINESE. A VARIETY OF TACTICAL ADJUSTMENTS HAVE BEEN SUGGESTED. ASSESSMENTS DIFFER, HOWEVER, ON THEIR IMPACT ON UNGA VOTING AND ON THE COSTS AND RISKS THEY MIGHT POSE FOR US OUTSIDE THE UN CONTEXT. HOW SERIOUS WOULD THE CONSEQUENCES OF UNGA PASSAGE OF PRO-NORTH KOREAN HORTATORY RESOLUTION BE? WHAT CONSEQUENCES WOULD FOLLOW FOR JAPAN? FOR OUR OWN POSITION IN KOREA? FOR THE ROK? WHAT ARE THE WIDER IMPLICATIONS OF THOSE TACTICAL ADJUSTMENTS AVAILABLE TO US, E.G. UNC TERMINATION? APPROACHES TO PYONGYANG? A COMPROMISE RESOLUTION?

WITH RESPECT TO US FORCE DEPLOYMENTS, THERE ARE NO CURRENT PLANS FOR SIGNIFICANT ADJUSTMENTS IN OUR POSTURE. BUT CONGRESSIONAL PRESSURES AGAINST THE CURRENT LEVEL OF DEPLOYMENTS MAY REVIVE, AS INDICATED BY THE FRASER AMENDMENT WHICH CALLS FOR AN EXECUTIVE BRANCH PLAN FOR ORDERLY CUTS IN OUR POSTURE BY THE END OF FY-78. THE ROKG ALSO ANTICIPATES FURTHER ADJUSTMENTS IN OUR POSTURE, AS EVIDENCED BY ITS ATTEMPT TO ESTABLISH A MORE SELF-RELIANT POSITION.

THERE IS NO INDICATION OF "GIVE" IN THE SUPPORT CHINA AND THE USSR HAVE PROVIDED PYONGYANG, NOR OF ANY INCLINATION BY THE NORTH TO ABANDON ITS UNWILLINGNESS TO TALK WITH THE PARK GOVERNMENT. KISSINGER

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